

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2123 - SB 2074**

March 19, 2011

**SUMMARY OF BILL:** Authorizes franchise and excise tax credits to certain qualified small businesses equal to \$2,000 for each qualified small business job created, provided that the qualified small business creates at least five qualified small business jobs during the certification period. Defines the terms "certification period," "qualified small business," and "qualified small business job." Limits the amount of tax credits for any tax year to 50 percent of the taxpayer's combined franchise and excise tax liability. Authorizes carry-forward provisions, up to 15 years, when authorized tax credits exceed taxpayer liability. Establishes application process to determine eligibility.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$9,620,000**

**Assumptions:**

- The Department of Revenue estimates 4,810 new jobs will be established each year as a result of this bill. This estimate is based on the assumption that 9,623 qualified small businesses would have the potential to increase employment in any given year, and that 10 percent (or 962) will employ five qualified small business jobs each year.
- The recurring decrease in state revenue will be \$9,620,000 (4,810 jobs x \$2,000 jobs tax credit).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White".

James W. White, Executive Director

/rnc

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